

**Talking Points**  
**Mississippi Economic Council**  
**Hob Nob**  
**October 21, 2009**

I want to thank Blake Wilson and his staff at MEC for hosting this every year. This is a great event for the business community, and it's an honor to participate.

We are all well aware of the tough times facing our nation's economy, and here in Mississippi, we are not immune to the vibrations.

Year to Date Revenue

As you know, we missed September tax commission collections by \$44.98 million, or 10.16 percent below estimate.

Including "other than tax commission" collections (below the line), revenue was \$51.47 million, or 11.13 percent, below estimate.

Year to date, total collections are \$83.2 million, or 7.68 percent, below estimate.

Total collections for July to August 2009 are \$128 million less than collections for July to August 2008. This amounts to an approximately 12 percent decline from last year.

And this number includes \$23 million more tobacco tax revenue year to date in FY 10. Apples to apples, revenue collections would be approximately 14 percent less than last year.

## FY 10 Revenue Shortfall Projections

Over the past few weeks, with the latest information in hand, we have run several scenarios "annualizing" our revenue shortfall.

Important findings:

If we miss the rest of the year by 7.68 percent (year to date shortfall), we will miss revenue projection by \$377 million.

If we miss the rest of the year by 10.16 percent (September shortfall), we will miss revenue projection by \$472 million.

The worst scenario is the "benchmark scenario," which is computed by determining what percentage of total FY 09 revenue we had collected as of September 30th last year and applying that percentage (22.58 percent) to FY 10 revenue to date. The "benchmark scenario" projects a \$691 million shortfall.

So, we're in fiscal trouble for 2010, even as we've begun to develop a state budget for FY 2011.

Clearly, these dismal facts mean we can't continue with a "business-as-usual" approach.

I've had to cut \$172 million from the FY 2010 budget, and more cuts are coming.

The process is made more complicated because state law will not allow a Governor to cut any agency more than 5 percent until all agencies have been cut at least 5 percent.

This will not be a painless process. But we can all work together to make sure Mississippi taxpayers come out on top.